# SKILLS FOR SUCCESS:
## TRAINING AND DEVELOPING THE WORK FORCE OF THE 1990s

- Workplace Literacy Skills
- Training Programs
- Training Budgets
- Continuing Education

A Survey Sponsored by

**The Olsten Forum on Human Resource Issues and Trends**
Westbury, New York

# New Workplace Requires New Training Priorities

A changing work force, combined with rapidly evolving business needs, is placing new priorities on training, developing, and educating employees. Many human resource executives feel that employee skills are not keeping pace with a more competitive business environment and technologically sophisticated workplace.

Along with necessary technical skills or educational background, today's workplace requires employees with workplace literacy skills. These include communications skills (speaking and writing), basic computer skills (personal computers), and organizational skills (decision making, analytical thinking, and problem solving).

Most companies are well aware of the need for training on a regular basis, and four out of five have increased or maintained their levels of training and development, despite a recessionary environment. Many needs are being met, but there are gaps. For example, while written communications is cited as the skill in most need of enhancement among current and prospective employees, only a few sponsor training to improve basic reading and writing.

These are the findings of a survey, "The Olsten Forum on Human Resource Issues and Trends," conducted in June 1991. The Olsten Forum is a panel of North American human resource executives representing companies ranging in size from the Fortune 1000 to small businesses. A total of 455 companies participated in the survey, sponsored by The Olsten Corporation.

"Companies cannot compete in today's economy if they do not keep their work forces well-trained and updated on new skills," says Stuart Olsten, President and Chief Operating Officer of The Olsten Corporation. "This is especially the case with the basic workplace literacy skills -- such as writing, communicating, and computer skills. Three out of five companies report that employees need more training in these areas."

**Training and development budgets.** Two-fifths of the companies surveyed report increases in their training and development budgets over the past year, and another two-fifths report that their budgets have remained the same. Only 16 percent experienced decreases.

**Workplace literacy skills.** Written communications is the skill most in need of enhancement among current and prospective employees. More than three-fifths of the respondents indicate that this is an area needing improvement. Interpersonal communications ranks second, followed by customer service skills.

Almost four-fifths of the respondents state that their need for personnel with these skills has increased over the past five years. Almost three out of ten say their need has increased substantially.

**Training programs.** Approximately four-fifths of the respondents have in-house training facilities or programs to handle the skill-development needs of their employees. Seven out of ten use outside training vendors or consultants. Over half make use of *both* in-house and outside training resources. The most popular type of training programs are for management/leadership skills, computer skills, and customer service skills, in that order.

**Educational programs.** Almost nine out of ten of the participants indicate that their companies will reimburse employees for taking job-related courses with outside educational institutions. Seven out of ten will reimburse for job-related degree programs. Six out of ten companies will reimburse for certification/accreditation programs sponsored by professional associations.

## RESPONDENTS TO THIS SURVEY

A total of 455 companies responded to this survey, covering a range of sizes and industry types. The breakdown is as follows:

| BY COMPANY EMPLOYEE SIZE | | BY ANNUAL REVENUES | |
|---|---|---|---|
| 1-100 employees | 17% | Less than $50 million | 39% |
| 101-1,000 employees | 52% | $50 million - $100 million | 18% |
| 1,001-10,000 employees | 25% | $100 million - $500 million | 30% |
| 10,000+ employees | 6% | More than $500 million | 13% |

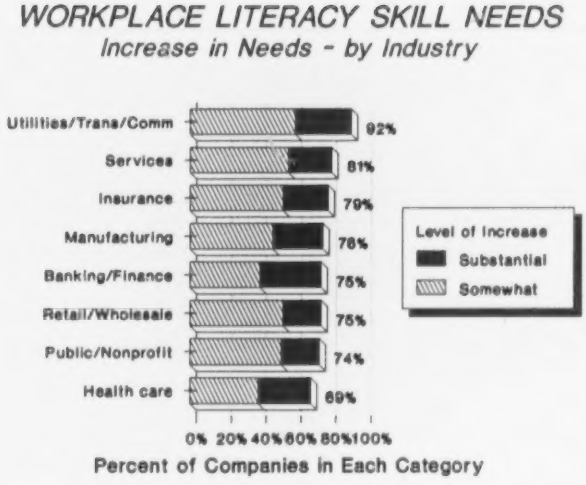
### BY INDUSTRY GROUP

| | |
|---|---|
| Manufacturing/construction | 26% |
| Banking/finance | 14% |
| Services *(business services, consulting, etc.)* | 13% |
| Retail/wholesale | 11% |
| Public/nonprofit *(government, education, associations, etc.)* | 11% |
| Insurance | 7% |
| Health care | 6% |
| Utilities/transportation/communication | 6% |
| Other | 6% |

### BY REGION

| | |
|---|---|
| Northeast USA *(ME, VT, NH, MA, RI, CT, NY, NJ, PA, DE, MD, DC, VA, WV)* | 25% |
| Southeast USA *(KY, TN, NC, SC, GA, FL, AL, MS)* | 9% |
| South Central USA *(TX, OK, LA, AR)* | 7% |
| Midwest USA *(OH, IN, IL, MI, WI, MN, IA, MO, ND, SD, NE, KS)* | 29% |
| West USA *(CA, OR, WA, ID, MT, WY, CO, UT, NV, AZ, NM, AK, HI)* | 17% |
| Canada *(All Provinces)* | 13% |

# Workplace Literacy Skills




**Almost four-fifths of companies report that their need for employees with workplace literacy skills has increased over the past five years -- almost a third report this increase as substantial.**

Workplace literacy skills are those skills -- communications, computer, and organizational skills -- needed to function in an increasingly sophisticated workplace.

Companies need people who can write well, speak well, and work well with customers. These three skills are in short supply, respondents report.

Seventy-seven percent of the respondents confirm that their need for personnel with workplace literacy skills has grown over the past five years. Twenty-eight percent say it's a "substantial" increase. Another 21 percent report that their needs remained unchanged.

Among the industry groups surveyed, more than nine out of ten utilities, transportation, and communications organizations have seen their need for these skills increase. This is followed by four out of five service-oriented companies.

**Written communication skills** are the most frequently cited as an area that needs to be enhanced among current and prospective employees. More than three-fifths (65 percent) of the respondents indicate that this is an area needing improvement. The demand for this skill is voiced by 85 percent of the insurance companies participating in the survey, followed by 81 percent of banking/financial organizations.

**Interpersonal communications** was the second-highest-ranked skill in need, as indicated by 62 percent of the respondents. The greatest demand for these skills was among health care organizations (87 percent).

**Customer service skills** ranked third on the list, with 59 percent of companies citing needs in this area. The greatest needs in this area are among insurance (79 percent), retail (76 percent), and banking/finance organizations (74 percent).

Other needs cited by respondents include **basic computer skills, technical skills, organizational skills, cross-cultural communications skills,** and **basic math skills**.

"The major issue is poor English skills among our hourly employees," says Jean Parker, Vice President, Internal Control for SunIce Limited, in Calgary, Alberta, Canada. "To meet this need, we developed a program called Lunchbox English."

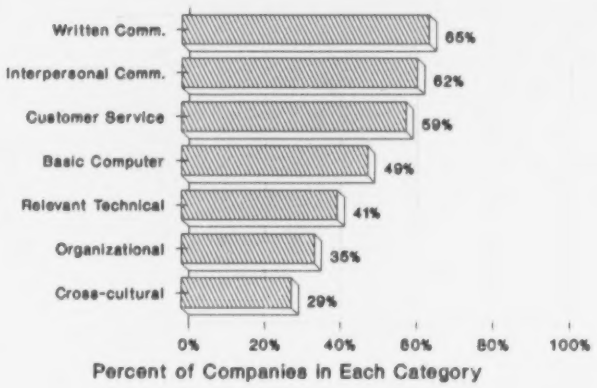
The need for skills to help manage a more diverse work force -- cross-cultural communications -- is more pronounced in some industries. These skills are three times more likely to be required by a larger company than a small one. This need is greatest in public/nonprofit organizations (40 percent), followed by health care (39 percent).

The need for employees versed in cross-cultural communications is three times greater in large companies than small companies. Sixty-one percent of companies with 10,000 or more employees state that this need has grown, compared with 18 percent of small companies with less than 100 employees.

Many companies work with schools to assist employees in developing workplace literacy skills. "We work with local school boards to set up minimum training for math, English, and assist all mature employees in attaining high school learning certificates," says Ed Wroblewski, Vice President Human Resources for Centra Gas Ontario, based in North York, Ontario, Canada.

**To meet the need for more workplace-literate employees, companies are doing more pre-employment screening.**

*SKILLS NEEDING ENHANCEMENT*
*Among Current and Prospective Employees*



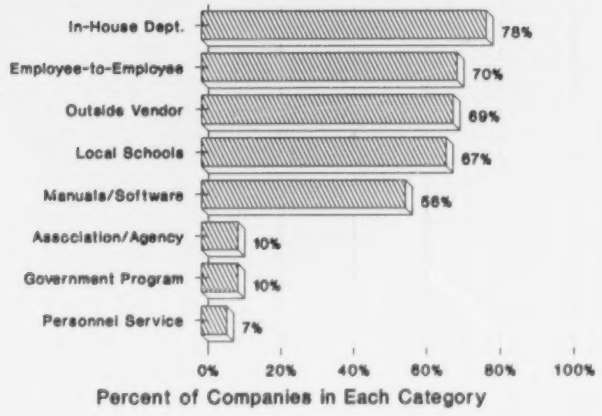

As a response to this need for workplace literacy skills, almost half of the respondents (48 percent) have improved their screening methods at the time of hire. More than a quarter (26 percent) increased the number of applicants interviewed for each position, and just under a quarter (23 percent) expanded the scope of their recruiting efforts. Just over a third (35 percent) report no changes in their recruiting patterns.

In terms of pre-screening applicants, almost four out of ten (38 percent) will test applicants for the relevant technical skills needed for the position. (Many respondents indicate that this includes tests for typing skills.) Just under a quarter will test for basic math, computer skills, and written communication skills.

# Training Programs

**Most companies have some type of training program on their premises. The popularity of some training topics mirrors the priorities of the corporation of the 1990s: management and leadership, computer skills, and customer service.**

*HOW TRAINING IS HANDLED*




Most (78 percent) of the respondents say that their companies have in-house training facilities or programs to handle the skill-development needs of their employees. Almost seven out of ten (69 percent) use outside training vendors or consultants. More than half (51 percent) make use of *both* in-house and outside training resources.

Other training resources include employee-to-employee instruction (70 percent), local schools/college programs (67 percent), and self-training manuals or software (56 percent). About one out of ten make use of programs conducted by associations, government agencies, and personnel service firms. Government support of training is stronger in Canada, where 25 percent of firms participate in such programs.

In-house training programs are most prevalent in the banking/finance sector, with 92 percent having such programs, followed by insurance companies with 91 percent.

"Companies are trimming down their organization charts, and as a result, employees are being empowered with more decision-making," says Sue Fredericks, Assistant Vice President, Training and Development, for The Olsten Corporation. "The other major forces reshaping today's corporations include widespread computerization and efforts to get closer to the customer. The types of programs we found in place mirror the priorities of this new environment."

**Management/leadership development,** offered by almost three-quarters of respondents' companies, is the most popular type of training and development program. Such programs are most prevalent in the health care (91 percent), insurance (82 percent), and public/nonprofit (80 percent) organizations.

"We have a developmental program, called the Leadership Institute, to help supervisors improve the quality of management skills," says Tara Birch Folb, Compensation Analyst with Washington Gas Light Company in Springfield, Virginia. "Next year, the program will encompass all employees."

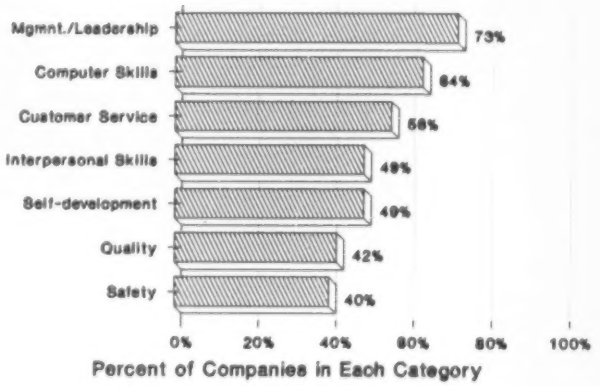
**Basic computer skills training** is conducted at more than three-fifths of the companies surveyed. This type of training is most popular in the public/nonprofit sector, employed by 84 percent of these organizations.

**Customer service training** is conducted by more than half of the companies surveyed and is most prevalent in banking/finance (84 percent), retail (78 percent), and insurance (74 percent) organizations. In some cases, customer service training is pervasive throughout the organization. "Both our staffing practices and training efforts are focused on enhancing customer service, regardless of the job being staffed or the task being trained," says Melanie London, Employee Relations Manager for Hong Kong Bank of Canada in Vancouver, British Columbia, Canada.

"At Olsten, it is imperative that members of our corporate staff provide responsive, quality service to our extensive field organization. With that in mind, one of our training goals is to offer skill improvement opportunities to corporate personnel," explains Sue Fredericks of The Olsten Corporation.

Other popular programs, offered by one out of every two companies, include **interpersonal/communications skills training** and **self-development training** (covering such areas as time management, success skills, and career development).

*POPULAR TRAINING TOPICS*
*Sponsored Over the Past Year*




**Quality management or assurance training** is offered in two-fifths of the companies surveyed. This type of training is prevalent in more than half (56 percent) of manufacturing organizations and just under half (47 percent) of insurance companies. Large companies are almost four times as likely to offer such training as small companies (71 percent vs. 20 percent).

"Providing quality service is becoming more prevalent," says Lillian W. Owens, Group Vice President for Bankers First of Augusta, Georgia. "In this day of competitiveness, quantity cannot be maintained if quality suffers. We are doing needs assessments and conducting workshops and programs to develop our people in the areas of customer service, motivational techniques, and management/supervisory skills to bring ourselves back to the basics!"

Quality has become a key area of focus for many training programs. "We are currently implementing a total quality management training program to change the company culture to a participative employee-powered work force," says Stan Shor, Vice President Human Resources for P.C. Porter Company in Woodland Hills, California.

The many changes occurring in organizations and in the work force are impacting the scope of training programs. "Our needs are rapidly outstripping our ability to meet them," says Linda Crompton, Vice President Human Resources and Environment for Vancouver City Savings Credit Union, Vancouver, British Columbia, Canada. "We already have a large training department, but just can't seem to keep up with the diversity of requirements of today's work force."

Some respondents express frustration at their companies' lack of emphasis on training. "We are just beginning to understand and act on the idea that once you hire someone, you cannot assume that no additional training is necessary," reports one panelist with a health care organization. "We need to do more, especially in sales techniques, customer service, and quality issues," states another panelist, the human resources manager of a midwestern manufacturer.

**Training programs for assisting groups that may be at a disadvantage in entering the North American work force are rare.**

Only six percent of the companies surveyed have training programs for English as a second language, and about five percent have programs for re-entrants to the work force (such as homemakers or retirees). English as a second language courses are more prevalent among Canadian companies, of which 18 percent have such programs in place. Among the industry categories surveyed, English programs are prevalent in 12 percent of manufacturing/construction firms. Training programs for re-entrants to the work force are more common in health care (13 percent) and retail (12 percent) organizations.

The feelings of most are best summed up by Benjamin W. McKenzie III, Vice President Human Resources for Omni Capital Group, Inc., in Salisbury, North Carolina. "Training is not an option for our people," he states. "It is a requirement which will help the individual and the company to compete successfully in the decade of the 1990s."

# Training and Development Budgets

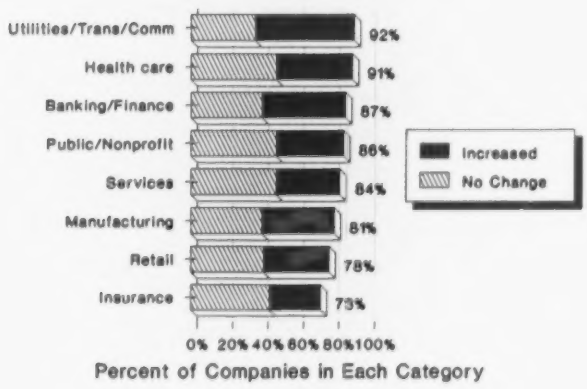
**In an era of corporate downsizings, training has fared well. Most companies have either increased or maintained their budgets over the past year.**

Two-fifths of the companies surveyed saw increases in their training and development budgets over the past year, with a similar proportion reporting that it has remained the same. Only 16 percent experienced a decrease.

*TRAINING & DEVELOPMENT BUDGETS*
*Change from 1990 to 1991*

(Does not total 100% due to rounding)

*TRAINING BUDGETS - BY INDUSTRY*
*Change from 1990 to 1991*

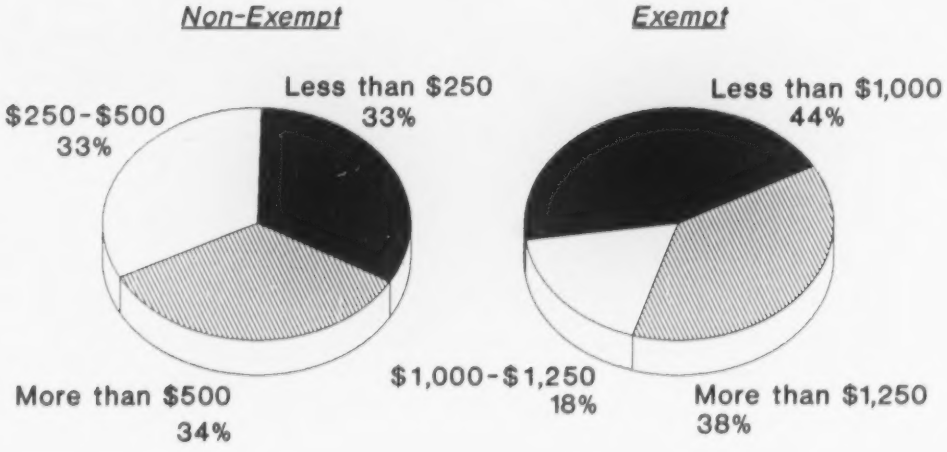



Sometimes, there is significant expansion of training. "We are increasing the amount of and capabilities of in-house training," says Gary Clingman, Vice President of Human Resources for Cumberland-Swan, Inc., based in Smyrna, Tennessee. "Our budget for training increased 115 percent over last year's expenditures." In other cases, the budget axe fell hard on training. "Tight budget constraints prevent us from doing the kind of training we'd like to do," says the human resource manager of a New England bank.

Training is considered an absolute necessity for many organizations, no matter what kind of limitations they may have in their budgets. "We are now specifically budgeting for training events and consultants, even though we are a small nonprofit, and it creates some financial hardship for us," says Steve Pierce, Director of Finance and Administration for Boston Food Bank, Inc., in Roxbury, Massachusetts.

**For most companies, it costs less than $500 a year to train each non-exempt employee, and less than $1,250 a year for exempt employees. Companies using outside vendors report lower costs.**

*THE COST OF TRAINING*
*Annually Per Employee*




Percent of Companies Responding

Companies only using outside vendors or consultants report lower overall training costs for non-exempt employees than those with in-house training. Three-quarters (75 percent) of those companies using training vendors report a per-employee training cost of less than $500 annually, compared to 65 percent of those with in-house programs.

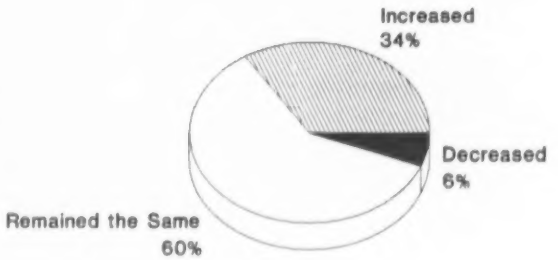
Training need not be an expensive proposition. "We have set up a library of training videos -- books and audiotapes on various subjects," says Susan Peterson, Vice President, Administration for Aiphone Communications Systems, in Bellevue, Washington. "Employees are encouraged to use the materials."

# Continuing Education

**Corporate support of continuing education for employees is going strong, with nine out of ten companies willing to pay for courses at local schools or universities. Most want to see how the employee does in the course, however, before reimbursing the employee.**

One-third of the companies say that their level of reimbursement for continuing education with an outside educational institution has increased, and three-fifths say it has remained the same. Only six percent report a decrease. The strongest increase in continuing education budgets occurred in health care (43 percent), banking/finance (40 percent), and utility (40 percent) organizations.

*EMPLOYEE CONTINUING EDUCATION*
*Change in Reimbursement Levels 1990-91*




Percent of Companies Responding

Two out of five (40 percent) report that the number of employees attending classes has increased over the past year, while half (51 percent) say it has remained the same. Nine percent report a decrease.

Almost nine out of ten (89 percent) of the participants indicate that their companies will reimburse employees for taking job-related courses with outside educational institutions. Seven out of ten (71 percent) will reimburse for job-related degree programs. Six out of ten companies will reimburse for certification/accreditation programs sponsored by professional associations.

The largest segment of employers -- 43 percent -- will reimburse depending on the grade they get. Another third will reimburse when the course is completed. Only one out of ten will reimburse the employee upon registration for the course. Some companies -- particularly in Canada -- will reimburse 50 percent of the tuition fee upon registration, and pay the remainder of the tuition upon successful completion of the course.

In some cases, coursework is directly linked with salary increases. "Our associates [employees] are enrolled in degree-directed courses at a local college," says Jeff Patton, Human Resources Director for UltraCare Products, Inc., in Marion, Ohio. "We link their quarterly pay increases to successful completion of these courses. Our goal is to have our employees receiving college degrees in the next three to five years."

## THE OLSTEN CORPORATION

The Olsten Corporation, one of the leading providers of temporary personnel in North America, is celebrating 41 years of service in 1991. Serving a base of over 100,000 client accounts, the corporation, under its trade names Olsten Temporary Services, Olsten HealthCare, and Olsten Permanent Placement, maintains a network of more than 700 owned, franchised, and licensed offices in all 50 states, the District of Columbia, Canada, and Puerto Rico. Together, these offices employ over 335,000 temporary workers annually for business, industry, government, health care facilities, and home health care markets.

Many of Olsten's clients, including the vast majority of *Fortune* 1000 companies, require temporary help with specialized skills. Olsten meets these needs with nine distinct service divisions: office automation, general office services, professional accounting, light industrial, technical services, legal support, records management, marketing support, and health care. Permanent placement services are provided in select markets for the following areas: accounting/finance, sales/marketing, data processing, and office services.

The Olsten Corporation [AMEX: OLS] is headquartered in Westbury, New York.

## THE OLSTEN FORUM ON HUMAN RESOURCE ISSUES AND TRENDS

The Olsten Forum on Human Resource Issues and Trends is a North American panel of human resource executives formed to monitor the new challenges facing today's organizations. The panel consists of Vice Presidents and Directors of Human Resources for companies ranging in size from *Fortune* 1000 companies to small businesses.

Topics covered by Olsten Forum reports include staffing strategies, work and family issues, new work schedules, recruiting and hiring, and human resource costs. The survey series is conducted for The Olsten Corporation by Joseph McKendrick of The Center for Workplace Issues & Trends, based in Horsham, Pennsylvania. If your company is interested in participating in The Olsten Forum, contact The Olsten Forum, P.O. Box 510, Horsham, PA 19044, or your local Olsten office listed in the white pages.

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The Olsten Forum on Human Resource Issues and Trends

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# Skills for Success

- Workplace Literacy: Skills Enhancement
- Trends in Training and Development

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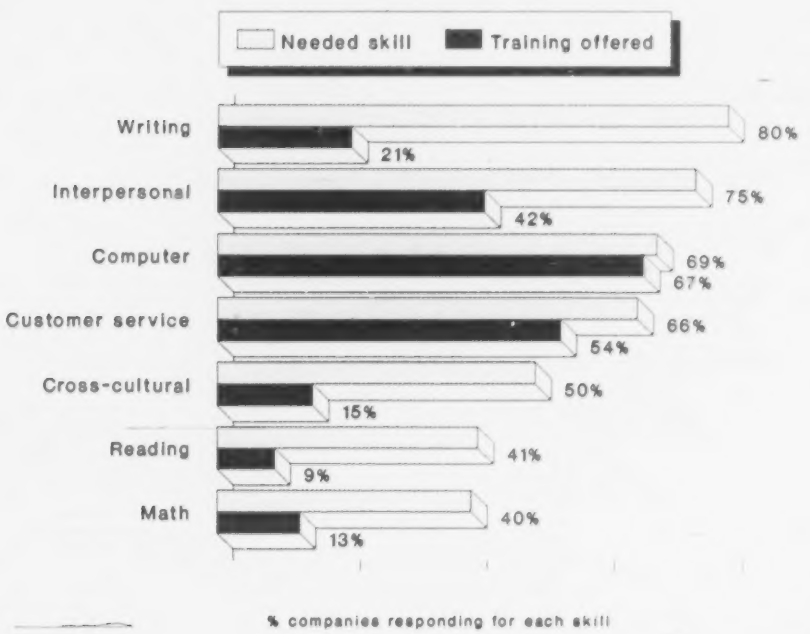
## EXECUTIVE SUMMARY

More companies are expressing concern about the level of employees' workplace literacy skills – the essential skills needed to function in today's increasingly sophisticated workplace. There is a wide gap, however, between these needs and the training programs currently offered. For example, while four out of five companies feel that employees' writing skills need enhancing, only one out of five offer any training in writing skills. In addition, while 75 percent cite the need for employees with stronger interpersonal communication skills, only 42 percent offer training in this area.

The following chart underscores the critical gap between skills that are in need of upgrading, compared to the training offered.

*SKILLS NEEDED VS. TRAINING OFFERED*




To further explore the trends affecting workplace literacy and training, The Olsten Corporation surveyed its North American panel of human resource executives, The Olsten Forum on Human Resource Issues and Trends. In July 1992, a total of 402 companies responded to the survey; a comparable survey was previously conducted in the summer of 1991.

## MAJOR FINDINGS

- Four out of five companies say employees' written communication skills are in need of enhancement, making this the skill most in demand for the second year in a row. More than a third say that their overall need for all workplace-literate employees has increased over the past year. [*See page 3.*]

- Methods of identifying workplace literacy needs range from informal observation to formal needs assessments and surveys. Remedial activities include expanded training programs and referrals to schools, programs, or consultants. [*See page 4.*]

- While the recession has temporarily eased the urgency to adjust recruiting and retention approaches to accommodate workplace literacy needs, the emphasis on training and retraining continues to increase. [*See page 5.*]

- Almost half of the companies surveyed report an increase in their training and development budget. This represents a significant increase from last year, when 40 percent reported such an increase. Also, a retrenchment appears to be underway, with companies relying more on in-house programs. [*See page 7.*]

- Achieving quality standards is the major goal of today's training agendas, followed by the need to enhance overall communication and teamwork. [*See page 7.*]

- Management/leadership skills continue to be the most popular training topic, but basic computer skills training is catching up fast. Other fast gainers: quality, sales and marketing, writing, and basic math training. [*See page 8.*]

### RESPONDENTS TO THIS SURVEY

#### BY TYPE OF BUSINESS

| | | | | | |
|---|---|---|---|---|---|
| Manufacturing/construction | 35% | Banking/finance | 10% | Utilities/transportation | 6% |
| Service | 13% | Insurance | 8% | Health care | 5% |
| Retail/wholesale sales | 11% | Education/gov't./nonprofit | 8% | Other | 3% |

#### BY COMPANY SIZE

| | | | | |
|---|---|---|---|---|
| *NUMBER OF EMPLOYEES:* | 1-100 employees | 13% | 1,001-10,000 employees | 25% |
| | 101-1,000 employees | 56% | 10,000+ employees | 6% |
| *ANNUAL REVENUES:* | Less than $50 million | 29% | $100 million - $500 million | 29% |
| | $50 million - $100 million | 28% | More than $500 million | 14% |

#### BY REGION

| | |
|---|---|
| Northeast (ME, VT, NH, MA, RI, CT, NY, NJ, PA, DE, MD, DC, VA, WV) | 23% |
| Southeast (KY, TN, NC, SC, GA, FL, AL, MS) | 8% |
| South Central (LA, AR, OK, TX) | 7% |
| Midwest (OH, IN, IL, MI, WI, MN, IA, MO, ND, SD, NE, KS) | 23% |
| West (CA, OR, WA, ID, MT, WY, CO, UT, NV, AZ, NM, AK, HI) | 21% |
| Canada (all provinces) | 18% |

# Workplace Literacy Skills

**Four out of five companies report that employees' written communication skills need to be enhanced, making this the skill most in demand. Interpersonal skills and listening skills are the next two most critical areas, cited by three out of four companies. More than a third say that their overall need for all workplace-literate employees has increased over the past year.**

**SKILLS NEEDING ENHANCEMENT – BY EMPLOYEE LEVEL**

| | *Total – All levels* | *Support Staff* | *Professional/ Technical* | *Management* |
|---|---|---|---|---|
| **Written communication** | **80%** | 64% | 62% | 55% |
| **Interpersonal communication** | **75%** | 55% | 60% | 64% |
| **Listening skills** | **72%** | 48% | 50% | 65% |
| **Basic computer skills** | **69%** | 53% | 39% | 50% |
| **Organizational skills** | **69%** | 38% | 43% | 55% |
| **Customer service skills** | **66%** | 60% | 44% | 36% |
| **Cross-cultural communication** | **50%** | 41% | 41% | 47% |

**% companies reporting a need for each skill**

Workplace literacy is the possession of skills which are needed to function successfully in an increasingly sophisticated workplace. The three main categories include *communication skills* (writing, speaking, listening, interpersonal, and multi-cultural communication skills), *basic computer skills*, and *organizational skills* (decision-making, critical thinking, and problem-solving).

As the above chart shows, the need for certain skills varies greatly according to employee level. For example, the two top skills required among support staff are written communication, followed by customer service. Among professional and technical employees, the two top skills in need are writing and interpersonal communication. Among management-level employees, human resource executives report that the skill most needed is listening skills, followed by interpersonal communication.

Other skills cited by respondents as needing enhancement among employees include analytical skills (49 percent); relevant technical skills (47 percent); reading comprehension (41 percent); basic math skills (40 percent); relevant educational background (38 percent); and sales skills (37 percent).

More than a third of the companies in the survey, 34 percent, report that their need for personnel with the above workplace literacy skills has increased over the past year. Another 55 percent report no change, and only four percent say their need has decreased.

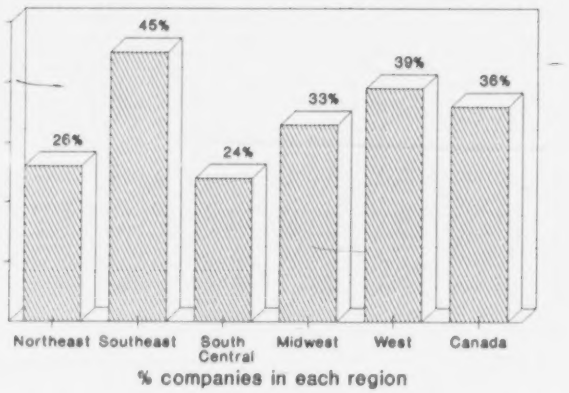
The greatest increase in the need for these skills took place in the health care sector, where close to half (45 percent) of the respondents cited increased needs. Manufacturing followed closely behind with 44 percent.

Regionally, companies in the southeastern portion of the U.S. showed the greatest increase in need for these skills (46 percent), followed by the west (39 percent).

"Spelling remains a problem," says the human resource director for a major midwest retailer. "We proofread each other all the time. We also encourage using a dictionary, not the computer, in the belief that there could be a residual effect."

Among support staff, companies have designed novel approaches to combat computer literacy deficiencies, such as an innovative program at a Colorado-based research company, which offers interest-free loans for employees to buy computers.

*INCREASES IN NEED FOR WORKPLACE LITERACY SKILLS - BY REGION*



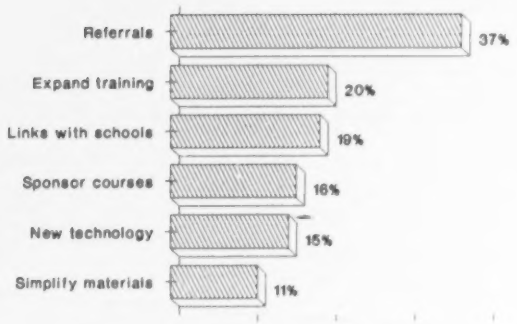

**Methods of identifying workplace literacy needs range from informal observation to needs assessments and surveys. Actions taken to address these needs include referrals to schools, programs, or consultants and expanded training programs.**

Generally, the most common method of identifying workplace literacy needs is through informal, day-to-day observation of employees' skills by their supervisors. This was mentioned by one-quarter of the respondents citing methods for identifying workplace literacy needs. The next approach, formal needs assessments and surveys, was cited by one out of five companies. The third method cited is performance appraisals, also cited by one out of five companies. "We tailor the program to meet those needs. We encourage individuals to pursue training or school courses and try to convince them how it will benefit their careers here and beyond," says the human resource director of a California-based equipment company. "The individual must buy into the benefit and want to learn."

**Formal workplace literacy programs are now in place in a quarter of the companies surveyed, and 20 percent are considering such programs.**

The course of action taken most frequently is to refer employees to outside programs that can help enhance their skills – community colleges, consultants, and other organizations (37 percent). One-fifth of the respondents have expanded their training programs to incorporate workplace literacy skills (20 percent). Another one-fifth (19 percent) have established links or conduct joint programs with local schools. Sixteen percent sponsor their own courses in job-linked literacy programs.

### *ACTIONS TAKEN TO ADDRESS WORKPLACE LITERACY NEEDS*




% companies in each category

Some companies have developed approaches that seek to accommodate workplace literacy shortfalls, rather than fight them. Fifteen percent of the respondents have introduced new technology to simplify information processing, such as graphical user interface screens (such as the icon-based screens). For example, one Illinois-based retail/wholesale company is presently redesigning computer programs in order to provide more user friendly screens.

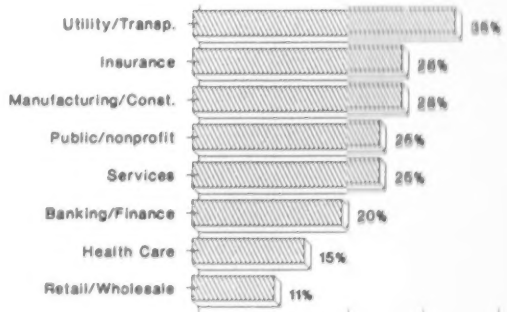
Another one out of ten companies (11 percent) are simplifying instruction manuals and other company publications. While a number of companies indicated that this is necessary part of their workplace literacy strategy, not everyone agrees with it. "We have found in the long run it is always better to raise skill level rather than simplify tasks," says the vice president-administration of an Illinois-based research firm.

"Keep tasks simple, instructions clear and to the point (user friendly)," says the human resource manager of a northeastern bank. "Communication is the key! Find out through evaluations who needs help or assistance in certain areas and offer them ideas or opportunities to educate themselves!"

Workplace literacy programs are most prevalent in the utility and transportation sector, followed by manufacturing and insurance.

**While the recession has temporarily eased the urgency to adjust recruiting and retention approaches to accommodate workplace literacy needs, the emphasis on training and retraining continues to increase.**

### *WORKPLACE LITERACY PROGRAMS IN PLACE BY INDUSTRY*



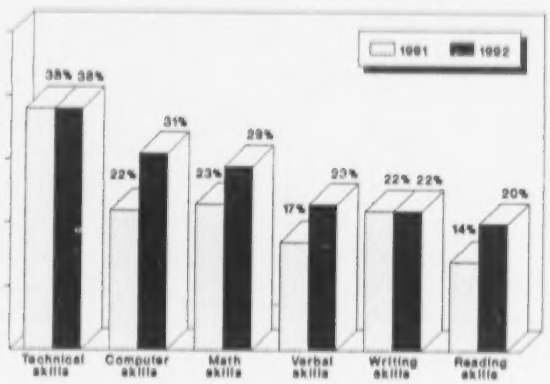

% companies in each industry

Almost half, 46 percent, have improved their screening at the time of hire, down slightly from 48 percent over the last year. However, the percentage increasing their budgets for training or retraining, 22 percent, marks an increase from 17 percent last year.

The percentage of companies testing for computer skills has increased significantly over the past year, from 22 percent to 31 percent. Testing for basic reading skills has also climbed from 14 percent to 20 percent of the companies surveyed. The most prevalent type of pre-employment testing is for relevant core technical skills, used by four out of five of the companies surveyed.

Who should be responsible for building workplace literacy skills? Opinions vary. Both businesses and schools have a role to play, says the human resource director for a large Indiana-based financial services company. "Employers need to work closely with the schools to let them know the skills that are needed, the problems that are occurring, and possible changes that could solve the problems."

*WORKPLACE LITERACY SKILLS TESTING 1991-1992*



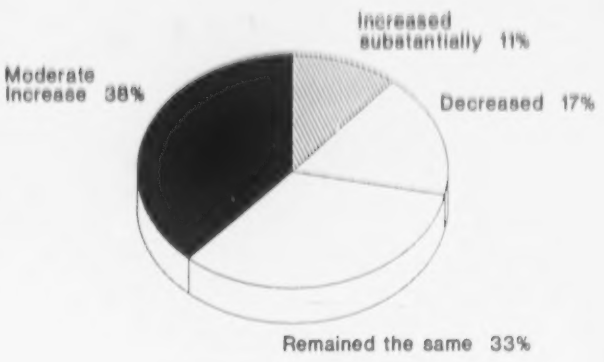

The director of human resources for a large Ontario-based publisher says, "Industry can also do its part by giving support to nonprofit literacy organizations and developing partnership links with local schools...."

"Business must work with the educational sector so that students are trained in applicable skills and meet basic requirements," says the human resource director for a New England printing company.

"Workplace literacy is a challenge that all companies share," says Miriam Shubin, workplace literacy consultant and spokesperson for The Olsten Corporation. "Organizations of all sizes and types throughout the United States and Canada have formed partnerships to address the issue and enhance the skills of employees. Companies can also address this challenge by accessing existing resources to do so – such as their own training departments, local community colleges, and local literacy providers."

# Training and Development Programs

*TRAINING & DEVELOPMENT BUDGETS CHANGE FROM 1991 TO 1992*




% companies responding

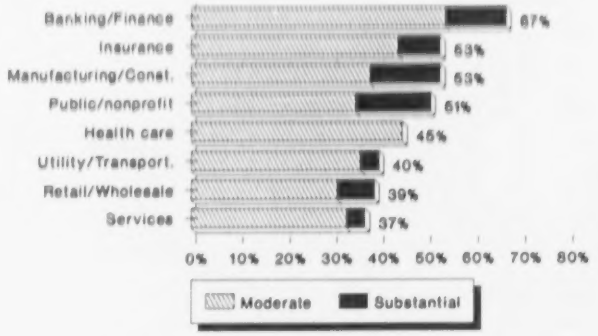
**Almost half of the companies surveyed report an increase in their training and development budgets. This represents a significant increase from last year, when 40 percent reported such an increase.**

The greatest increases were reported in the banking/finance industry, with almost seven out of ten reporting increases. Almost six out of ten insurance companies increased training budgets, along with more than half of manufacturers.

Regionally, companies in the midwestern United States and Canada report the greatest increases in training and development budgets, with more than half (53 percent) in each of these regions reporting increases.

The importance of training and development is not lost on the companies that had to pare down their programs. "We have cut back on training over the past three years," says the human resource manager for a Wisconsin-based publisher. "We now plan to focus more dollars and efforts in educating employees in basic skills, work teams, and interpersonal skills. With an expected upgrade in technology, we'll plan for more computer education also."

*INCREASES IN TRAINING BUDGETS - BY INDUSTRY*




% companies in each industry

**Achieving quality standards is the major goal of training agendas, followed by the need to enhance overall communication and teamwork.**

Seven out of ten respondents report that the primary goal of their company's training and skill-development efforts is to meet or enhance quality standards.

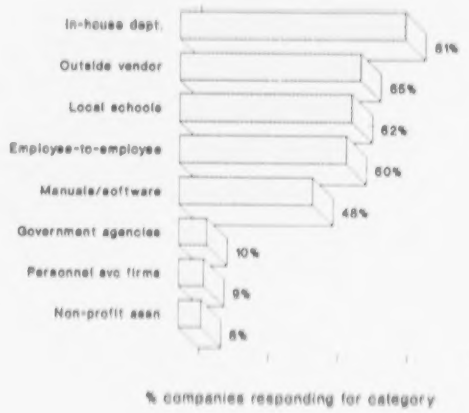
Sixty-three percent of companies wish to enhance overall communication and teamwork. Another 56 percent plan to cross-train personnel to enhance productivity. Another 51 percent have the goal of skills development for promoted personnel.

A retrenchment appears to be underway, as more training has moved in-house. More than eight out of ten (81 percent) conduct their training programs in-house, either in the form of programs or in an established center. This has climbed from 78 percent last year. The percentage using outside vendors or consultants, 66 percent, has declined from 69 percent last year. The percentage using training manuals or software and relying on employee-to-employee instruction has also declined.

Some panelists base their training on the comfort level of the employee. "The best approach differs according to the skill in question," says the vice president of a major midwestern insurance company. "Employees with reading skills will confront the deficiency if it can be done through computer tutorial." Programs that address reading, writing, and math also "contribute to positive self-worth and improved self-esteem," the respondent adds.

Computer-based and interactive training (incorporating video) give employees more flexibility, adds the manager of a northwestern utility. "It allows employees access after hours or the ability to take materials home."

*WHO DOES THE TRAINING?*




**Management and leadership skills continue to be the most popular training topic, but basic computer skills training is catching up fast. Other topics seeing upward growth: quality, sales and marketing, writing, basic math, and cross-cultural communication.**

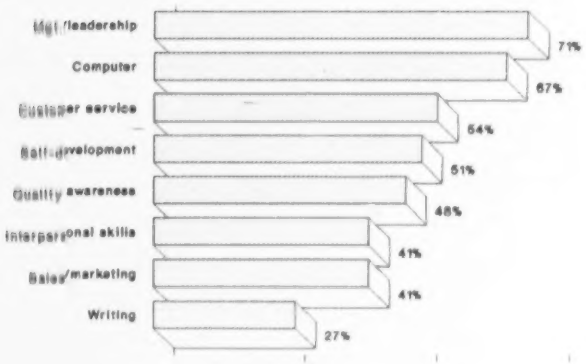
More than seven out of ten companies offer **management and leadership** training, keeping this as the most popular topic, as it was in last year's survey.

The popularity of training in **basic computer skills** continues to climb, from 64 percent in last year's survey to 67 percent this year. As in last year's survey, this ranks as the second most popular topic.

"We recently began an in-house training course in WordPerfect, and the response has been astonishing," says the human resource director for a California-based service company. "We allowed anyone to sign up to take the course on company time. We are offering DOS and Lotus 1-2-3 in the near future. Also, we offered English as a Second Language, and 83 employees signed up."

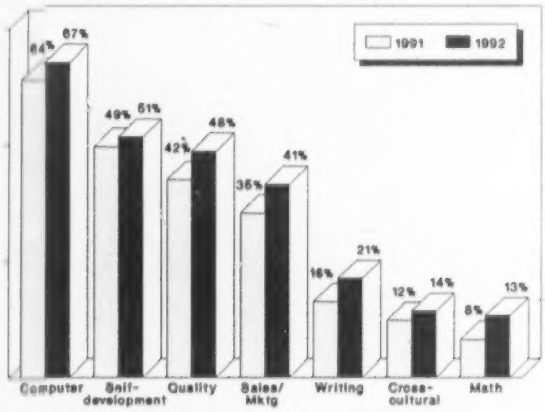
Along with computer skills, the other leading training topics include **customer service skills, self-development** (covering skills such as time management and career development), and **quality awareness.**

*TRAINING: WHAT'S OFFERED...*




% companies responding for each skill

*...AND WHERE THE GROWTH IS*




The fastest-growing training categories include **quality awareness** training (up six percentage points); **sales and marketing** skills (also up six percentage points); **writing skills** (up by five percentage points); **basic math** (also up five percentage points); **computer skills** (up three percentage points) and **cross-cultural communication** skills (up by two points).

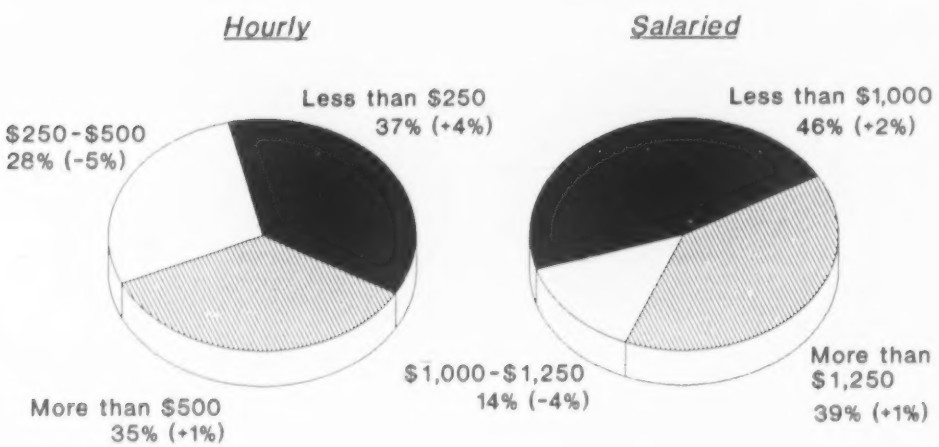
Although interpersonal skills was the second-highest-rated skill needing enhancement, training in this area dropped the most over the past year, a full eight percentage points to 41 percent.

Many panelists agree that while good training can be expensive, it's a sound investment in the organization's future. But the funds must be committed. "The best approach is to take training and management development seriously," says the human resource manager for a Virginia-based retail organization. "To allow an above-average budget for it. If we don't invest in our people now, we will have no future. We have put so little time and money into training that it is hard to say what has worked best."

While the cost of training is a concern, current business conditions may be keeping these expenses under control. The reported cost of training has shifted downward. Last year, 33 percent reported that it cost under $250 to train one non-exempt (or hourly) employee. This year, that number jumped to 37 percent. A similar trend is evident with exempt (salaried) employee training. Last year, 44 percent of companies said it cost less than $1,000, compared with 46 percent this year.

## *ANNUAL COST TO TRAIN - PER EMPLOYEE*

*(With percentage-point change from 1991)*




% companies responding in each range

The public/nonprofit sector (which includes educational institutions) has the highest percentage of companies (48 percent) with training costs of below $250 per non-exempt employee. Retail and health care organizations follow, with 37 percent and 35 percent, respectively, of these organizations having costs below $250. More than half (52 percent) of utility and transportation and public/nonprofit organizations report annual costs of less than $1,000 to train exempt employees.

In a number of companies, training has become a necessary part of doing business. "We have taken on an aggressive training policy which states that each employee will receive an average of 80 hours of theoretical (classroom) training per year," says the human resource director for a large northeastern manufacturer.

Respondents agree that training and development plays a crucial role in the competitiveness of North American businesses.

The solution to competitiveness is, in the words of one respondent, "Training, training, training! By training and supporting training in our work environments, we are enabling our work force to be productive and successful," says the human resource director for a western-based hotel chain. "We cannot count on the system to produce qualified individuals – we must take on the responsibility to our society and country to enhance the skills of the work force ourselves."

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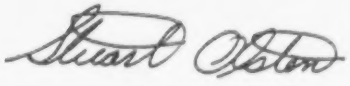
Stuart Olsten
President and
Chief Operating Officer

*Dear Human Resource Executive,*

*This report is part of an annual series of surveys conducted by The Olsten Corporation to explore the challenges shaping organizations in the 1990s. Information for these reports is provided by members of The Olsten Forum on Human Resource Issues and Trends, a distinguished panel of North American executives, consisting of vice presidents and directors of human resources for companies ranging in size from Fortune 1000 companies to small businesses.*

*We are entering a bold, new era, requiring new approaches to managing the people side of our businesses. Topics regularly covered by Olsten Forum reports include quality programs; human resource recruiting, hiring, and costs; social issues; and special editions. We invite you to join thousands of other organizations and become part of the Olsten Forum to help shed light on these new approaches and to identify and explore the trends of the 1990s.*



The Olsten Corporation has a long tradition of providing quality human resource services to organizations of all types and sizes. One of the leading providers of flexible staffing in North America, Olsten is celebrating 42 years of service in 1992. Serving a base of more than 125,000 client accounts, the corporation, under its trade names Olsten Temporary Services, Olsten HealthCare, and Olsten Professional Accounting Services, maintains a network of more than 700 owned, franchised, and licensed offices in all 50 states, the District of Columbia, Canada, and Puerto Rico. Together, these offices employ more than 340,000 temporary workers annually for business, industry, government, health care facilities, and home health care markets.

**To participate in The Olsten Forum, contact The Olsten Forum, P.O. Box 510, Horsham, PA 19044 or your local Olsten office.**

**For more information about workplace literacy programs, please call Miriam Shubin, workplace literacy spokesperson and consultant for The Olsten Corporation, 516-237-1666.**

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